

Appendix A: Notes on Interpretation of Data and Data Sources

1. All amounts are derived from State Budget Agency documents, unless otherwise noted. The primary resources are the "as passed" and "as submitted" books published by the Agency biennially. However, it should be noted that in many cases the summary reports in these documents have been updated through Errata sheets which have been distributed separately.
2. The first five tables in this document concentrate on the State General Fund, using both the customary "Operating" and "Capital" categories. In several cases, two functional categories appearing in Budget Agency documents may be consolidated for purposes of this document. The State General Fund is augmented by the Property Tax Replacement Fund (PTRF), which is, in many ways, budgeted and funded as an extension of the General Fund. The decision to include this Fund in these tables is material, and reported distributional data would vary considerably were the Fund excluded in this analysis.
3. The data in this document are intended to mirror (and in most cases balance) Budget Agency documents. Therefore, annual data for 1982-83, 1983-84, and 1984-85 reflect the results of recision/rollover process decided by the 1982 Special Session of the General Assembly. In general, reported amounts for FY 83 and FY 84 are smaller than they would be otherwise, and FY 85 amounts are larger. In selected cases, the effects of this recision/rollover process can be adjusted out of the data, although this should be done with care. Primarily such adjustments would affect higher education, elementary/secondary education, and miscellaneous functional categories.
4. There are some other expenditures which will not be captured by the data shown here. Mostly, these are book closing entries, inter-fund transfers, and court judgments which do not have permanent accounting homes in the state books. Typically, these entries are shown on State surplus statements, not in the expenditure detail. The reader is cautioned to use expenditure data for most analyses, and not to mix revenue and expenditure analyses.
5. Most of the data shown in the table on State Revenue Sources comes from the US Bureau of the Census, Governmental Finances Series, for various years.
6. Especially in the capital budget, there can be significant differences between "as appropriated" amounts and "actual" expenditures. One significant explanation for this is that capital appropriations may be spent over a four-year period, rather than the annual or biennial periods assumed in the operating budgets.
7. Authorized bonding does not appear in the foregoing tables at all. In due course, appropriate entries for debt service may appear, usually in the State's Operating Budget.

8. The (current) decision to omit dedicated funds from the presentation is significant. As in most states, Indiana funds many public activities through dedicated revenues which do not flow through the State's General Fund. For some purposes, it may be appropriate to include dedicated funds in understanding levels of overall state support. With the exception of PTRF, this topic is largely unimportant in understanding higher education and elementary/secondary funding.

Special Notes and Observations Concerning Tables 5 and 6

9. The purpose of Tables 5 and 6 is to record several commonly-referenced indicators of the State's investment in higher education. Largely, these indicators are developed from other historical statistical indicators maintained by the Commission; these tables simply reflect a repackaging of those indicators.
10. The data appearing in Table 6 are in most cases taken directly from the State Budget Agency's "As Submitted" budget documents; the only exception to this is for the period 1993-94 through 1994-95 which references data from the "As Passed" budget document. Thus, financial data prior to the current biennium are effectively "actual", while data for the current biennium are effectively "budgeted".

The reader should note that data for the period 1981-85 have been manipulated to reduce/remove the effects of the "roll-over" of higher education funding. This process, established by the 1982 Special Session, effectively delayed payment to universities while keeping in place a "normal" expenditure base; the roll-over process was ceased in 1984-85 (and all accounts "caught-up"). However, despite bookkeeping entries to render this period useful for long-term trend analysis, so many state funding processes were under duress that refined statistics describing the period are next to impossible.

For long-term statistical trend purposes there is no significant difference between "as appropriated" and "actual" data for higher education. However, as noted above, the accompanying data are "actual" except for the most recent (current) biennium.

11. In such analyses there are always questions about what budget items are included and which are excluded. For purposes of this analysis, every attempt is made to adhere to the Budget Agency's "Higher Education" function. Thus, several small items -- which would otherwise be considered higher education -- are omitted because they were functionally classified elsewhere by the Budget Agency, and vice-versa. For purposes of general statements about the state's commitment to higher education, these classification problems are inconsequential.
12. Columns 1-6 of the raw data (Table 6) reflect several nuances in the way the State thinks about its own overall budget commitments:

General vs. Dedicated Funds - typically, General Funding is cited, although this analysis offers the inclusion of non-general funds.

Operating vs. Capital Funds - typically, Operating Funding is cited, although this analysis offers the inclusion of capital funds.

"Adjusted" General Funds - this terminology is applied to the often-quoted sum of the General and Property Tax Relief Fund. This is a handy short-hand for the General Assembly, since it directs the use of these two funds through the biennial appropriation bill(s).

13. For most general purposes involving higher education comparisons, particularly with other states, the measures of choice involve all state funds (General and Dedicated) and combined Operating and Capital Funds. (Note that dedicated funds for Higher Education aren't listed because of their immateriality; if student fees were included as dedicated funds, their inclusion would be material). Thus, the most helpful computed relationship is higher education's share of all state funds raised (Col 4, Table 5).

The rationale for this choice is fairly simple. First, there is no commonality across states as to what constitutes the "general" fund; its meaning is simply a matter of convention for each state. Second, despite the wealth of interstate higher education support comparisons involving "operating" funds, the fact is that there are considerable differences among states as to what constitutes operating vs. capital funding. For example, many states would include Indiana's General Repair and Rehabilitation funding as operating funding.

14. Higher Education expenditures per capita is a commonly-referenced statistic which, depending upon application, may be specious. Simply put, there are substantial differences among the states in terms of age distribution (that is, the size of a state's higher education operation may be unrelated to the size of its population. A better -- although imperfect -- measure is expenditure on the 18-24 year-old population. However, both measures are useful for purposes of examining long-term changes within the state.
15. Similarly, the calculation of expenditures-per-FTE student is fraught with peril for interstate comparisons. The calculation here, based upon institutionally-reported FTE figures (public only) is fair and reasonable for purposes of examining long-term trends. It should be noted that the amounts computed are a statistical construct only; there are no formulae or other budgetary procedures which depend upon support-per-student.